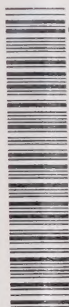


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Summary of Reforms (from our
Pensions, Poverty, and Women)

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Summary of Reforms

(from our Pensions, Poverty, and Women)

by

The New Brunswick Advisory Council on the Status of Women

September 1983

SUMMARY OF REFORMS

UNIVERSAL SYSTEM

I OAS Reforms

- expansion of OAS benefits to 20% of AIW (its original percentage).
- as before 1977: full inclusion in OAS/GIS system of all immigrants who have resided in Canada 10 years immediately before age 65. This universal inclusion must exist as female immigrants were seldom entitled to pension plans in their countries of origin; they must not pay doubly for having moved to Canada.

II GIS Reforms

- expansion of GIS maximum to bring OAS/GIS combination up to Statistics Canada's low-income line for large cities, with continual monitoring of OAS/GIS combined system to ensure this basic requirement is always met. Although people residing in rural areas may live in a region where the cost of living is lower than elsewhere, they have far less access to subsidized housing and adequate medical facilities.

(NOTE: if both expansions cannot take place concurrently, priority should be given to the GIS reforms).



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PUBLIC SYSTEM

III CPP Reforms

- expansion of maximum replacement value of CPP retirement pension to 50% of the Average Industrial Wage.
- automatic, mandatory splitting of all pension credits upon divorce, separation, death or disability of either spouse, or when younger spouse reaches 65; in cases of separation or divorce, mandatory splitting could be waived if both spouses agreed after receiving independent legal advice. This provision would be provided by an opting out clause.

EMPLOYER-SPONSORED SYSTEM

IV Reforms to Employer-sponsored Pensions Plans

- that all employers be encouraged to provide their employees with a pension plan when requested by the majority of their employees. The RPA system would facilitate the meeting of this requirement.
- that all full-time and regular part-time employees be included in all existing and newly organized pension plans after the employee has accumulated one year of service.
- that mandatory and automatic equal division of pension credits take place upon divorce, separation, death or disability of either spouse, or when the younger spouse reaches 65. A mutual consent opting out clause could waive this regulation but only after each spouse has received independent legal advice.
- that survivors' benefits continue after remarriage.
- that all pension credits and benefits be fully portable.

EMPLOYER-SPONSORED SYSTEM (cont'd)

- that all pension credits and benefits be protected against inflation.
- that vesting and locking-in occur after two accumulated years of service.
- that all pension plans be protected against insolvency, perhaps through the RPA system.
- that only unisex mortality tables be used to calculate pension benefits.
- that all pension plans have joint and last survivor plans which will provide at least 70% the of original pension to the survivor, and that in cases where the contributor dies before age 65, that the survivor may choose between receiving a lump sum or a pension at retirement based on the contributor's accrued pension.
- that all insurers disclose pensionary information to contributor/pensioner and spouse, including the financial status of the plan and the employee's accrued benefits.

V Homemakers

Homemakers must have a mechanism available to them that ensures their building of a pension in their own right. This would be possible through the income tax credit program we recommend whereby all persons between 18 and 64 would be required to contribute to the CPP an amount based on one half the AIW. The contribution would be effected through an income tax credit, replacing personal and spousal exemptions.

